

Possibilities of a Democratic Administration

By

HON. FRANCIS G. NEWLANDS

UNITED STATES SENATOR FROM NEVADA

FROM THE INDEPENDENT

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POSSIBILITIES OF A DEMOCRATIC ADMINISTRATION.

By FRANCIS G. NEWLANDS, United States Senator from Nevada.

I am asked to give an outline of the probable program of the Democratic Party should it come into full power in the legislative and executive departments at the next election. I would not, of course, pretend to speak authoritatively upon so important a subject, but I have no objection to giving my individual views, based on the party platform and the general trend of Democratic thought as displayed in party deliberations and action in Congress.

Revenue.—The first question to be considered is the national revenue, approximating \$1,000,000,000, of which, roughly estimated, one-fourth comes from postal receipts, one-third from internal-revenue taxes on tobacco, spirits, etc., one-third from customs duties, and the balance from the corporation tax and other miscellaneous receipts, such as sales of public lands, etc.

Of the existing taxes, therefore, the corporation excise tax (yielding a little over \$30,000,000 annually) is the only tax that can be said to be levied upon wealth; and the revenue from this source equals less than one-thirtieth of the entire national revenue.

Leaving out of consideration constitutional restrictions and applying only fair dealing in the distribution of national burdens, it must be apparent that a system which fastens approximately 96 per cent of the burdens of the National Government practically upon consumption and less than 4 per cent on wealth is unjust, and should be corrected. Such correction should involve contemporaneous legislation reducing the tax on consumption and increasing the tax on wealth. The reduction will, necessarily, fall upon customs duties, for no change is likely to be made in the revenue from the postal service or the internal-revenue taxes on nonnecessaries, such as spirits and tobacco. All the tariff bills which have recently passed the House involved a net reduction in revenue of only \$60,000,000, and that it is proposed to make up by the extension to individuals of the excise tax of 1 per cent on profits over \$5,000 now imposed on corporations. It is probable that an income tax will be substituted for this when the pending constitutional amendment is adopted. It is safe to say that an income tax of 1 per cent will furnish sufficient revenue to take the place of the reduction in revenue caused by the contemplated tariff legislation of the Democratic Party. I state this in order to disarm the charge that any confiscatory attack is possible, and to prevent lawless wealth from arousing the fears of law-abiding wealth, with a view to obtaining, as it has so often, the latter's aid in political and legislative movements. Certainly a possible tax of \$100

on an income of \$15,000 (\$5,000 being exempted) can not be considered confiscatory.

But it may be remarked that a reduction of only \$60,000,000 in the burden on consumption is trifling. The answer is that for every dollar of high protective duties collected by the Government it is estimated that about \$10 is collected by the manufacturers in enhanced prices. A reduction, therefore, of \$60,000,000 in tariff duties means a reduction in the burden upon the people's consumption of approximately \$600,000,000.

Why not, then, enlarge the area of relief by still further reductions in tariff duties? it may be asked. The answer is obvious. The reduction from a protective to a low revenue basis, if suddenly made, will largely increase importations, and thus displace American products in our markets and American labor in our industries. The Democratic Party is opposed to radical readjustments, and has declared its purpose to feel its way gradually and prudently toward a revenue basis. Realizing that the American industries have become interlocked with a high protective system, it has declared its intention to accomplish its ultimate purpose in a way that will not impair or injure any legitimate American industry. In giving this assurance it will disarm the fear of the workers in the protected industries, numbering several millions, who, naturally affiliated with the Democratic Party in sympathy, have been frightened by their employers into voting against that party on the ground that its policies constitute a menace to their employment and their wages. We will, at the same time, disarm the fear of wealth that radical increases will be made in its burdens. If we reduce our revenues from customs duties slowly, there will be no reason for rapidly increasing the taxation of wealth. By pursuing this policy we will avoid the hysterical outcry against needed economic changes, which has so often beaten us; we will pacify labor, the manufacturer, and law-abiding wealth, and we will steer clear of business depression and panic, than which nothing could be more prejudicial to our success either at the election or in subsequent control and administration of the Government. We must break up the habit of swinging like a pendulum from reform to monopoly through the intermediate process of panic.

Budget committees and administrative boards.—When the Democratic Party comes into power it will doubtless take up most seriously the question of legislative efficiency. With the growth of our country the work of Senators and Representatives has been greatly increased, both outside and inside the legislative halls. The sessions have lengthened, so that now they are almost continuous. The difficulty is that legislators attempt to cover too many details, and have not yet adopted methods of efficiency which have made such marked advance in business and corporate activities. In such activities the man of prominence largely succeeds through utilizing the brains of others and through the services of specialists.

As a means of securing greater efficiency in Congress it would seem that the organization of a budget committee in each house of Congress is desirable. Such committee could act in cooperation with the executive department in matters relating to efficiency and economy, and could make recommendations regarding apportionment of revenue between the different departments, services, and works of the Government.

Much effort could be saved through the organization of administrative boards or commissions of experts in aid of Congress. The impression seems to prevail among many legislators that the organization of such boards involves the abdication or delegation of legislative power. The Interstate Commerce Commission is a powerful argument to the contrary. Doubtless the power to fix rates is a legislative power, but Congress, instead of exercising this power directly, acted wisely in organizing an administrative commission and fixing the rules under which this power should be exercised. This policy might well be extended in the organization of administrative boards for the continuous and systematic consideration of questions relating to the tariff, the trusts, the improvement of rivers, the construction of public buildings, and the adjustment of such questions, under rules fixed by Congress.

The trusts.—As to the trusts, it is difficult to say what will be done so far as additional legislation is concerned. The system of enforcing the Sherman law regarding interstate trade through the Attorney General's office, with its shifting incumbencies and varying policies, has not been satisfactory, as compared to that of the Interstate Commerce Commission in enforcing the laws regarding interstate transportation; and these experiences, it seems to me, constitute a controlling reason for organizing an independent interstate trade commission, which, regardless of political exigencies or executive or political influence, will insure the steady and continuous enforcement of the laws relating to trusts and monopolies. It is to be hoped, therefore, that Congress will supplement the Sherman Act by the organization of a nonpartisan, independent interstate trade commission, with powers of investigation, publicity, and recommendation to the President and to Congress, and also with the power to aid the courts in the disintegration of monopolistic combinations and to act, independently of the Attorney General's office, upon complaint or its own initiative, in investigations with a view to bringing such combinations to justice where they fail to conform to the law. Such a commission would be entirely different from the one suggested by Messrs. Gary and Perkins. It would not regulate monopolistic combinations or fix their prices, but would either break them up or bring them into harmony with the law. Its work would be continuous, nonpartisan, uncontrolled by political emergencies, and would not be subject to the influences which from time to time have controlled the Attorney General's office in all administrations.

To existing legislation there will doubtless be added, as required by the Democratic platform, the declaration by law of the conditions upon which corporations shall be permitted to engage in interstate trade, including, among others, the prevention of holding companies, of interlocking directors, of stock watering, and the control by one corporation of so large a proportion of any industry as to make it a menace to competitive conditions. It would be advisable to intrust the enforcement of these conditions to the trade commission above referred to.

Banking and finance.—The Republican Party is practically committed to a central banking and reserve association, organized after the analogies of England, France, and Germany. The party is apparently oblivious of the fact that in the near future many of our 48 States will equal in population each of the countries referred to.

The plan of the National Monetary Commission, headed by Mr. Aldrich, makes the Nation the basic unit, and provides for branch associations, regardless of State lines. The Democratic Party in its platform has declared against the Aldrich plan, but fails to outline any specific legislation. It would seem advisable that the Democratic plan should take the States as the basic units for organization, and then federate the State organizations for national action. All that is desirable in the plan of the National Monetary Commission can be secured by the organization, under national law, of a reserve association in each State, composed of both national and State banks, for the purpose of protecting their reserves and cooperating in the prevention of bank panics. Such State reserve associations could be brought into federation under national law by some form of national organization which would bring the various State reserve associations into cooperation for the prevention of bank panics and the interruption of interstate exchange. The States should be encouraged to exercise their functions—not to turn them over to the National Government.

Commerce may be divided into three branches—trade, banking exchange, and transportation. The jurisdiction over that part of such commerce which is included within the boundaries of a State belongs to the State; the jurisdiction over that part of such commerce which exists between the States or a foreign nation belongs to the Nation. It is, therefore, incumbent that we should have State regulation as well as national regulation of trade, banking exchange, and transportation. We have worked this out admirably regarding transportation by the organization of a national railroad commission and State railroad commissions, which every day are coming into closer cooperation and harmony with each other. There is no reason why we should not similarly organize both State and national commissions for the regulation of banking exchange and trade, the State commissions to have jurisdiction over that portion which is embraced within the States and the national commission to have jurisdiction over that portion which is between the States and with foreign countries. Instead of breaking down our whole scheme of government by permitting the greater sovereign to absorb and exercise the functions of the lesser sovereign, the true theory should be to insure the exercise of the functions of all the sovereigns under a system of cooperation that will insure harmony instead of discord.

The military defense.—Under Democratic administration I have no doubt that high efficiency will be sought in our military defense. The idea is growing that the military defense should be regarded as a unit by uniting the Navy and Army in cooperation through a board consisting of distinguished Army and Navy officers, which board should be advisory to the President and to Congress.

We could also aid in the establishment of an efficient militia in the various States through the cooperation of our Army, thus securing a discipline and drill that will develop a citizen soldiery able at any time to respond to the demands of war.

The importance of having officers trained in drill, sanitation, and care of troops, to take direction of the citizen soldiery in case of war, has been demonstrated, and an increase in the military school at West Point with a view to meeting such requirements might well be made.

The graduates beyond those actually required for officering the regular troops should be utilized, through some cooperative system, in training the militia of the various States.

Our platform calls for a well-proportioned Navy. Such a navy should consist not only of fighting ships, but of the auxiliary ships necessary to aid the fighting ships in time of war. Such auxiliary ships could be used in time of peace as training schools for the Naval Reserves and in opening up new routes of foreign commerce under arrangements with shipping companies.

The public domain.—The Nation under Democratic administration will be regarded as the trustee of the public domain, holding the great natural resources in lands, water, timber, and minerals as trustee for the interests of the people of the respective States in which they are located. Democracy will guard these natural resources against combination and monopoly, but will also see that they are not withheld from development or too long exempted from contribution to the revenues of the States within which they are situated.

The rapidly approaching exhaustion of the public domain and the increasing difficulty which would-be settlers on the land find in securing homes have created a condition which would seem to make it the duty of the Nation to take charge of the settlement of people on such lands. It is to be hoped that a homestead service will be created, with appropriate officials and machinery, for aiding settlers in finding homes on the land, instructing them how to make a living from it, and making the remainder of the national domain available to the people on conditions favorable to settlement and cultivation.

The civil service.—The spoils system has been largely done away with in public service. The Democratic Party is committed to the completion of this work and to such organization of the civil service as will insure certainty of tenure, based upon merit and efficiency. Outside the Army and Navy the National Government has about 250,000 employees. The Nation should be a model employer, and all the reforms relating to the relations of employer and employee which an intelligent public sentiment has forced upon corporate employers should, so far as applicable, be applied to the civil service.

Public works.—Under Democratic administration the merit system, which has proved so effective in promoting the efficiency of the civil service, will be extended to projects and works. The practices under which the apportionment of river and harbor improvements and public buildings are made dependent upon log-rolling rather than upon merit will be done away with. The platform calls for large and comprehensive plans for the development of our rivers, in cooperation with the States, and for continuous work, with an ample fund, under the direction of a board of experts in engineering and construction.

The platform and the trend of public opinion indicate that the Nation will take up the question of the regulation of the flow of our rivers in a most effective way, supplementing bank and levee protection below by the diversion and storage of flood waters above, and putting these flood waters to useful work in aid of the reclamation of arid and swamp lands and of water-power development.

Investigations have been had by the Democratic committees of the House regarding the construction of our public buildings, and doubt-

less a systematic scheme will be presented embracing the organization of a bureau of public buildings, which will take them out of the spoils system and apply the test of adaptability to locality and use, based upon public necessity. Our public buildings should be memorials of the culture of our time, and in every form of construction regard should be had for art as well as utility. The National Commission of Arts, recently created, will probably be brought into cooperation with this bureau as an advisory organization, with a view to securing a proper system of artistic construction.

All these public works should be conducted continuously through the creation of funds in the Treasury for that purpose, and without the breaks in construction heretofore experienced through political change and financial exigency.

It is possible that all these constructive works will require an expenditure of from \$50,000,000 to \$100,000,000 more annually than has heretofore been expended for these purposes. If the funds can not be secured by administrative economy, it may be advisable to levy a graduated inheritance tax for such purpose, such tax being now available without constitutional amendment. If so, it would be wise to place the proceeds of this tax in a special fund for constructive work. The objection that the States are now imposing this tax can be met by providing that a reduction, not exceeding one-half, may be made in States deriving a portion of their revenue from inheritance taxes. Such a provision would have a tendency to produce uniform inheritance taxes throughout the States, and to prevent certain States from offering refuge to the wealthy from the imposition of so just a tax.

Social justice.—The Democracy can be relied upon, so far as the national powers will permit, to seriously consider the questions which of late years have so engrossed the public mind relating to social justice, including all questions relating to the withdrawal of privilege, to the imposition upon wealth of a fair proportion of public burdens, and to the just obligations of collective capital to collective labor. It has already favored liberal legislation upon these lines in matters relating to the employees of carriers engaged in interstate transportation, and doubtless it will extend the same to the large body of civil-service employees, in its relation with whom public opinion demands that the Government should set an example of justice and humanity to all other employers.

The United States should extend its system of education in agriculture and the industrial arts to all forms of useful vocations by a system of cooperation in the establishment of schools which will serve as models for vocational training.

Much can be done to add to the comfort and happiness of the people by accurate and scientific investigation of all the problems relating to the advancement of farming, the development of educational and social facilities in connection with farm life, good roads, good housing and good housekeeping, the planning of cities with a view to the general comfort, health, and recreation, the democratization of art, and many other problems that relate to social advancement. While these matters are more directly within the province of the home government of the States, much can be done in a cooperative way by the Nation. The Agricultural Department, whose ex-

penditures have been more directly beneficial to the people than those of any other department, furnishes an example of what can be done in a national way by cooperation of the Nation with the States. Washington should be the clearing house of the various State associations, organizations, and instrumentalities designed for social advancement and the solution of great constructive policies. The National Government should not attempt to absorb in any degree the functions of the States. Its aim should be so to interlock its activities with those of the States as to stimulate the exercise of local functions. The opportunity is offered to a constructive Democracy, through the cooperation of the Nation with the States, to put in legislation all that is desirable in collectivism without impairing the sturdy individualism upon which our institutions rest.

The advanced position which Woodrow Wilson has taken upon all these questions during his administration of the gubernatorial office in New Jersey and the marked favor with which his record has been indorsed by the Democracy of the country indicate that Congress will cheerfully supplement his efforts for the promotion of social justice.



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